

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
:
Lehman Brothers Holdings Inc., *et al.*, : Case No. 08-13555 (JMP)
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Debtors, : (Jointly Administered)
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**ORDER GRANTING MOTION PURSUANT TO SECTIONS 362(d) AND 553 OF THE
BANKRUPTCY CODE FOR RELIEF FROM AUTOMATIC STAY TO EFFECTUATE
SETOFF AND ALLOWING PRINCIPAL LIFE'S NET CLAIMS**

Upon the Motion, dated February 17, 2012 and its supporting declaration and exhibits (the "Motion"), of Principal Life Insurance Company ("Principal Life") for entry of an order (i) granting Principal Life relief from the automatic stay (to the extent necessary) pursuant to sections 362(d) and 553 of title 11 of the United States Code (the "Bankruptcy Code") to permit Principal Life to exercise its right of setoff against mutual obligations between Principal Life and Lehman Brothers Special Financing Inc. ("LBSF") now that the amounts of such mutual obligations are agreed to between the parties and (ii) allowing Principal Life's net claim against LBSF as a Class 4A claim and against Lehman Brothers Holdings, Inc. ("LBHI") as a Class 9A claim; and due and proper notice of the Motion having been given; and the Motion having come for a hearing on March 21, 2012; and the Court having read and considered the Motion, objections to the Motion, if any, and arguments of any counsel at the hearing; and after due deliberation, and sufficient cause appearing to grant the requested relief; it is

ORDERED, that the Motion is granted as provided in this Order; and it is further

ORDERED, that responses and objections to the Motion, if any, that have not been withdrawn are overruled; and it is further

ORDERED, that Principal Life has a valid contractual right of setoff under the ISDA Master Agreement and New York law preserved pursuant to section 553 of the Bankruptcy Code; and it is further

ORDERED, that the automatic stay imposed in these chapter 11 cases by Section 362(a) of the Bankruptcy Code is modified in accordance with Section 362(d)(1) of the Bankruptcy Code to permit Principal Life to exercise its right of setoff against mutual obligations between Principal Life and LBSF by setting off the amount it owes to LBSF in the amount of \$13,637,229 against the amount LBSF owes to Principal Life in the amount of \$34,163,288; and it is further

ORDERED, that Principal Life's claim number 30672 is allowed in the net amount of \$20,526,059 as a Class 4A claim against LBSF and that Principal Life's claim number 30671 is allowed in the net amount of \$20,526,059 as a Class 9A claim against LBHI.

Dated: March __, 2012
New York, New York

UNITED STATES BANKRUPTCY JUDGE